

Key performance indicators

Our key performance indicators for building a stronger North West are our capital programme delivery incentive, community investment, and our ratings and rankings against a range of trusted investor indices. We report on a selection of wider governance metrics of interest to stakeholders on page 88.

Capital programme delivery incentive (CPDi)

Measures the extent to which we have delivered our capital projects efficiently, on time, and to the required quality standard.

Target
At least 85%

Annual performance
98%

We have delivered a strong performance, exceeding our target and improving on last year.

2022/23: 92.9 per cent

2021/22: n/a – new measure in 2022/23

Status

Met expectation/target

Key stakeholder

Investors

Relevant material themes⁽¹⁾

- Customer service and operational performance
- Financial risk management
- Corporate governance and business conduct

Relevant principal risks⁽²⁾

- Failure to meet the totex efficiency challenge

Link to remuneration⁽³⁾

Bonus

Assurance⁽⁴⁾

Internal audit team

Community investment

Total community investment as measured by the Business for Societal Impact (B4SI) method.

Target
Average community investment between 2020 and 2025 to be at least 10 per cent higher than the average between 2010 and 2020 of £2.56 million per annum

Annual performance
£3.99m

Direct community investment has increased this year and we have once again exceeded our target.

2022/23: £2.88 million

2021/22: £2.82 million

Status

Met expectation/target

Key stakeholder

Community

Relevant material themes⁽¹⁾

- Supporting communities
- Trust, transparency and legitimacy
- Land management, access and recreation

Relevant principal risks⁽²⁾

See page 60

Link to remuneration⁽³⁾

n/a

Assurance⁽⁴⁾

Independent third-party verification

Performance across a range of trusted investor indices

Company performance relative to water and utilities sector participants in a selection of trusted investor ESG ratings and indices.

Target
Upper quartile

Annual performance
Upper quartile

We have maintained upper quartile performance across our selection of ESG ratings and indices.

2022/23: Upper quartile

2021/22: Upper quartile

Status

Met expectation/target

Key stakeholder

Investors

Relevant material themes⁽¹⁾

- Trust, transparency and legitimacy
- Corporate governance and business conduct
- Political and regulatory environment

Relevant principal risks⁽²⁾

- Inherent risk area: Conduct and compliance

Link to remuneration⁽³⁾

n/a

Assurance⁽⁴⁾

Independent third-party verification

⁽¹⁾ Read more about our materiality assessment on pages 28 to 30.

⁽²⁾ Read more about our principal risks on pages 52 to 56.

⁽³⁾ Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 140 to 163.

⁽⁴⁾ Read more about the assurance over our performance metrics on page 63.



Creating value for

-  **Community**
-  **Suppliers**
-  **Investors**

Efficient and effective delivery of our capital programmes

Our capital programme performance is measured through our capital programme delivery incentive (CPDi), which places a strong emphasis on efficiency and reducing the carbon impact of our enhancement projects. We have delivered a strong performance of 98 per cent this year, surpassing our target and improving on last year’s already strong performance. This has been achieved through the application of value engineering techniques, innovation and other opportunities in our supply chain.

Innovative funding opportunities help drive efficiency, and over half of our innovation investment is from external funding sources. We have continued to influence over £90 million of awarded projects from the Ofwat Innovation Fund, leading on seven totalling almost £30 million. Our Innovation Lab continues to deliver world first solutions that can be tested faster and adopted earlier. For our fifth Lab, we have reviewed over 100 ideas, selecting six for rapid prototyping with results expected in the summer of 2024. To date, our Lab programme has created opportunities to deliver over £15 million of efficiencies.

We have completed 24 pilot projects testing innovative approaches to key AMP8 business challenges such as protecting water resources, improving resilience and water efficiency, and these have helped inform our business plan, enabling us to propose a very high level of efficiency.

Contributing to our communities

We invest in local communities through financial investment in environmental and community partnerships, delivery of education in schools, and time volunteered by our colleagues across the business.

This year, our direct community investment (calculated using the B4SI method) totalled £3.99 million, an increase on last year and exceeding our target. The increase in the year has come from greater spend on peatland restoration, innovation projects, community-based sustainable urban drainage and water efficiency schemes, and community engagement in the Ribble catchment. In addition, we contributed to our Trust Fund to help those struggling to pay their bills, with further customer bill support available through our social tariff.

We have sought further opportunities to engage with communities across the North West, addressing some of their issues through community investment that is strongly aligned with our strategic priorities. For example, recognising the strong interest in river water quality in line with our strategic priority to improve our rivers, we launched a fund targeted at grass roots community groups keen to improve their local rivers, awarding grants up to

£2,500 for groups that wish to clean up their local watercourses or help with water sampling. We also promoted the uptake of sustainable drainage systems (SuDS) with communities across the region, in line with our rainwater management strategy, and a targeted campaign to encourage Staveley villagers in Cumbria to sign up for a water butt extended to the installation of ‘SuDS pods’ at the village hall.

Keeping customers updated on our plans is a central feature of our engagement and we launched a ‘see for yourself’ programme, providing customers and community groups the opportunity to take a look at how we operate our wastewater treatment works and to understand the technology we use to clean used water and return it safely to the environment. Other community events have been held at pollution/blockage hotspot areas promoting the ‘stop the block’ messaging, such as in Leigh, which saw sewer blockage reductions following an education campaign.

In July 2023, we opened an information centre on Windermere High Street to provide local people and visitors with information about our plans to further improve water quality in the lake. We’ve used the centre to hold several events focused on water saving and meters, our graduate and apprentice schemes and affordability help and support.

Each of our five counties has very different challenges and needs, and our AMP8 business plan reflects these differences. Customer and stakeholder engagement in each of our diverse counties helped us to build and adapt five targeted county-based plans. This five counties engagement has actively informed the development, engagement and support for our plan, and is at the heart of how we intend to deliver it. We are organising ourselves into ‘county delivery squads’ so we are ready to deliver our county plans at pace, and we have already moved to this new team structure. Read more about our five counties approach on pages 26 to 27 and 83.

Working in partnership

The most effective and efficient way for us to achieve our purpose to provide great water for a stronger, greener and healthier North West is through collaboration and partnership working. Working with community groups, we often find that we can deliver more for less, or partners can leverage additional funds to invest in schemes that benefit water customers.

Co-creating, co-financing and co-delivering partnership solutions are core capabilities for us already, and over the past year we have been building on our industry-leading track record and continued evolution of our strategic partnerships.

Natural Course

A leading example of a strategic partnership, Natural Course – a €20 million part-funded EU LIFE Integrated Project – is a ten-year collaboration involving United Utilities, the Environment Agency, Natural England, Greater Manchester Combined Authority (GMCA), and The Rivers Trust, with the objective of improving the water environment across the North West.

Natural Course successfully concluded in March 2024. It trialled new ways of working together to find ways of reaching our ecological targets sooner, established more joined-up ways of making decisions that impact our waters in the future, and enabled the development/use of new funding mechanisms to support the delivery of a wide range of projects. We are now planning to ensure benefits from Natural Course continue to be realised throughout AMP8. Natural Course has already informed our Catchment Systems Thinking (CaST) approach, our place-based planning, and influenced the development of the Integrated Water Management Plan for Greater Manchester and the emerging plans for water priorities in the Liverpool City Region.

Greater Manchester Integrated Water Management Plan

Over the last four years we, alongside the GMCA and the Environment Agency, have developed a productive partnership to drive forward the environmental, development and infrastructure priorities across Greater Manchester. With support from Andy Burnham, Mayor of Greater Manchester, we have jointly developed a UK-leading Integrated Water Management Plan (IWMP).

The IWMP, which launched in June 2023, focuses on all aspects of Greater Manchester’s water cycle and brings

together various strategic plans into an overall framework and ambition for the county. It aims to ensure sustainable water management is applied holistically across Greater Manchester to enhance water quality, manage flood risk and increase biodiversity.

Working with suppliers

Our activities during AMP8 will support around 30,000 jobs both within United Utilities and our supply chain. This includes an additional estimated 7,000 jobs, which will be created in our supply chain as they support our AMP8 plan, demonstrating that we continue to play a part in helping to support the North West economy.

Suppliers play an important role in delivering our services and, alongside our colleagues, often act as the face of our business for many customers and communities. Events in recent years have shown the importance of maintaining strong relationships with our supply chain partners and we continue to encourage collaboration as part of our United Supply Chain approach. We work constantly to ensure that our core service delivers maximum value to internal stakeholders, key suppliers, our broader supply chain and ultimately, customers.

Payment practices are critical to our business and our suppliers – particularly at a time when there have been significant rises in the costs of key commodities. As a signatory to the Prompt Payment Code, and in addition to the commitment to pay at least 95 per cent of invoices within 60 working days, we also continue to pay 95 per cent of our small and medium-sized enterprise (SME) suppliers within 30 days. Over the last year, we have continued to outperform our target to pay suppliers promptly, with more than 99 per cent of our invoices paid within 60 days, and an average time to pay of 11 days.

30,000

jobs supported through our AMP8 plans, with 7,000 new skilled jobs created

>99%

invoices paid within 60 working days

11 days

on average for invoices to be paid



Read more about the Natural Course project at naturalcourse.co.uk



Read more about the Integrated Water Management Plan for Greater Manchester at greatermanchester-ca.gov.uk/what-we-do/planning-and-housing/integrated-water-management-plan

External recognition and benchmarking



FTSE4Good

United Utilities Group PLC has been included in the FTSE4Good Index Series since June 2001. Latest review December 2023.



For 2023, our overall performance was 77% and we are proud to be a component of the iconic Dow Jones Sustainability World Index. Effective December 2023.



In the annual review in July 2023, our status was assessed as Prime.⁽¹⁾



In December 2023, United Utilities Group PLC received an ESG Risk Rating of 10.7 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors.⁽⁴⁾



We received an overall Advanced ESG score by Moody's ESG of 61/100 in year 2023 and United Utilities Group PLC has been reconfirmed as a constituent of the Euronext Vigeo UK 20 index in December 2023.⁽²⁾



In 2023, we achieved CDP leadership scores in both climate change (A-) and supplier engagement (A) assessments and also achieved a B on our first Water Security assessment.



As of November 2023, United Utilities Group PLC received an MSCI ESG rating of A.⁽³⁾

⁽¹⁾ issgovernance.com/esg/ratings/badge

⁽²⁾ moodys.com/esg

⁽³⁾ msci.com/notice-and-disclaimer

⁽⁴⁾ sustainalytics.com/legal-disclaimers

We act fairly and transparently with all our suppliers and as a signatory to the Code, comply fully with the reporting requirements. We were awarded a ‘Fast Payer Award’ by Good Business Pays for the third year running. This award recognises FTSE350 companies who are fast payers of their invoices and can demonstrate that over the past 12 months they have paid their suppliers in less than 30 days as well as paying 95 per cent or more of all invoices on time. We are one of 290 companies to have received the award this year, with only 6 per cent of reporting companies achieving this.

United Supply Chain

Our United Supply Chain (USC) approach plays a fundamental part in achieving our purpose. USC helps to mitigate risk, build resilience, improve compliance, assurance and ultimately deliver better value within a high-quality supply chain and will help to deliver our responsible sourcing principles effectively throughout our supply chain. USC recognises suppliers as an extension of United Utilities and they are asked, as a minimum, to become a signatory to our responsible sourcing principles. For those suppliers that are integral to our operations, we encourage them to become leaders and to work jointly with us to deliver improvements across ESG areas and to improve value for customers.

Through our continued membership of the Supply Chain Sustainability School (SCSS) we can provide additional training and events to assist our suppliers in their own sustainability efforts. We have created tailored learning pathways for over 70 of our key suppliers aligned to our responsible sourcing principles and have held several sponsored workshops. We continually achieve the maximum SCSS ‘Gold’ status, due largely in part to our continued commitment through USC.

Working with our supply chain to reduce scope 3 emissions

We take pride in working collaboratively and responsibly with our supply chain, helping us to drive innovation, mitigate risk and deliver value.

One example of how we have achieved this is via our collaboration with Wilo UK at our Mouldsworth site, which deals with raw water extraction. Here we have replaced an aged asset to deliver cost savings, improvements in hydraulic efficiency, energy savings, and reductions in scope 3 carbon emissions.

Wilo manufacturing sites have been certified carbon neutral, with the ability to source products manufactured carbon neutrally, meaning zero embedded carbon in the product we purchase. Wilo have achieved this by implementation of solar and green hydrogen technologies.



Read more at unitedutilities.com/globalassets/z_corporate-site/about-us-pdfs/case-study---wilo---final.pdf

In July 2023, we hosted a supplier round table event attended by over 40 individuals from 23 partners in our supply chain, with support from the Supply Chain Sustainability School and one of our graduate CEO Challenge teams.

During the event we shared information on our purpose and strategic priorities, our long-term strategy, and updates on our approach to carbon. This included what changes we are making and how we are determined to reduce the carbon impact we have as an organisation – in efforts to bring our supply chain partners along on the journey.

The participation across the supply chain was invaluable and during the round table sessions we explored some of the challenges and opportunities relating to carbon reporting and emissions reduction. This provided us an opportunity to get to know our supply chain partners better, share best practice collectively, and work on improvement plans of our own.

➔ Read more about [our plans and progress against our six ambitious carbon pledges](#) on pages 74 to 77

Of suppliers that attended the event, 93 per cent currently have plans to reduce emissions, and 100 per cent believe that working with others is important.

Sustainable finance

Our sustainable finance framework allows us to raise financing based on our strong ESG credentials alongside conventional issuance. We have issued £1.7 billion so far through this framework, including a €650 million green bond this year that saw high levels of engagement and appetite from debt investors.

We published an allocation and impact report during the year, detailing the investments made with the proceeds of funds raised under the framework.



Read more at unitedutilities.com/corporate/investors/credit-investors/sustainable-finance

Recognising the group’s ongoing commitment to paying its fair share of tax and acting in an open and transparent manner in relation to its tax affairs, we were delighted to retain the Fair Tax Mark independent certification for a fifth consecutive year. We pay significant contributions to the public finances every year, including employment taxes for our more than 5,000 strong workforce.

➔ Read more on our [UK tax policies and objectives](#) on page 164

Business ethics

We aim to maintain high ethical standards of business conduct and corporate governance. This extends to our commercial activities and we have demonstrated our commitment to ethical procurement and supply practices by achieving the CIPS Corporate Ethics Mark for the fifth consecutive year. This requires commercial colleagues to undertake additional online training covering human rights and forced labour in supply chains; the implications, the risks and how to respond. This accreditation recognises the work we have done and the level of training we have provided to our colleagues in support of our aim of eliminating modern slavery and human trafficking. We aim to retain this again by completing the online training once again in 2024.

We have undertaken a gap analysis of our approach to modern slavery and human trafficking with the help of independent social enterprise Slave-Free Alliance. The objective of the analysis was to assess our modern slavery initiatives, identify good practice and main risk areas, and develop a set of recommendations for continuous improvement. The report identified several areas of best practice and highlighted areas for focus in our policies, due diligence and risk mitigation approach, and we are using the recommendations to build upon our approach. Our anti-slavery and human trafficking statement can be found at unitedutilities.com/human-rights

Performance across a range of trusted investor indices

We have participated in a range of independently assessed global ESG ratings and indices for many years to benchmark our approach against best practice and emerging sustainability challenges. Our approach to responsible business has ensured consistent upper quartile performance in selected ESG ratings and indices. We remain a member of the Dow Jones Sustainability World Index, along with just three other companies from the multi-utilities and water sector. In the Sustainability assessment, we continue to be classified as low risk and in the top two per cent of performers in the utilities industry group. We are proud to be ranked among Corporate Knights’ 2024 100 Most Sustainable Corporations in the World.

These ESG ratings look beyond the UK water sector to compare our performance against international water utilities, wider utilities and non-utility companies. We continue to respond to best practice and emerging ESG trends to maintain our performance in these ratings and we are increasing our engagement with investors on ESG matters.

Status key

Annual performance	Met expectation/target	Close to meeting expectation/target	Behind expectation/target
Against 2025 target	Confident of meeting target	Some work to do	Target unobtainable

Stakeholder key

Customers	Environment	Communities	Colleagues	Suppliers	Investors
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Measure	2025 target	Performance			Assurance ⁽²⁾	Link to remuneration	Key stakeholder	Status	
		2023/24	2022/23	2021/22				Annual performance	Against 2025 target
Credit rating UUV (Moody's, S&P, Fitch) ⁽¹⁾	A3, BBB+, A-	A3, BBB+, A- (Stable outlook)	A3, BBB+, A- (Stable outlook)	A3, BBB+, A- (Stable outlook)	ITV				
Maintain sustainable finance framework	Available/continued issuance	Available	Available	Available	IAT				
Anti-bribery: percentage of identified colleagues completing required training	100%	100%	100%	100%	IAT				
Number of children benefitting from education materials	20,000	39,131	23,253	12,998	ITV				
Partnership leverage ⁽¹⁾	1:4	1:3	1:4	1:4	RRA				
Invoices paid within 60 days	At least 95%	99.60%	98.91%	99.34%	ITV				
Average time taken to pay invoices	<28 days	11	12	13	ITV				
Supplier Relationship Management score	90%	95%	90%	54%	IAT				
CIPS ethical mark	Retain accreditation	Retained	Retained	Retained	ITV				
Percentage of targeted suppliers signed up to United Supply Chain	100%	94%	89%	90%	IAT				
Percentage of partner and strategic suppliers that have sustainability risk assessments in place	75%	78%	73%	72%	IAT				
Percentage of suppliers in high risk categories (in sustainability risk assessments) covered by enhanced due diligence audits	5%	4%	3%	Delivery scheduled from 2022	IAT				
UK Corporate Governance Code	Maintain compliance	Compliant	Compliant	Compliant	IAT				
Fair Tax Mark	Retain accreditation	Retained	Retained	Retained	ITV				
Living Wage accreditation	Secure and retain	Retained	Retained	Retained	ITV				
Pension Quality Mark +	Retain accreditation	Retained	Retained	Retained	ITV				

⁽¹⁾ Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

⁽²⁾ Read more about the assurance over our performance metrics on page 63.

ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.



Case study:

Compliance committee ensures robust scrutiny of regulatory submissions

We understand the importance of providing accurate and transparent information to regulators and customers.

The compliance committee was established in 2023 to ensure that the board had an even greater opportunity to provide early and in-depth scrutiny of regulatory submissions and to help ensure the accuracy and transparency of information presented to regulators and customers. The compliance committee is made up of three directors, two of whom are non-executive directors. The regulation and compliance director is also a member of the committee. Providing the required oversight, the committee offers technical knowledge, experience and expertise in a variety of areas, including engineering, regulation, finance and audit.

To help ensure compliance with the relevant regulatory reporting requirements prior to submission to the board for approval, the committee has, in 2023, reviewed key regulatory submissions including the annual performance report and AMP8 business plan. The committee challenged the underlying governance approach for these submissions, while

providing guidance to improve the clarity of the information presented.

The risk and compliance statement, for example, is a key document within the annual performance report. While providing detail on how we understand our obligations and the systems and controls to manage these, this statement also provides information on any known departures from compliance over the course of the year, known as the Table of Departures. Before the annual performance report submission, the committee challenged the articulation of several departures and made recommendations to enhance the clarity of the information within the Table of Departures.

The committee is also charged with reviewing compliance with other areas of legislation and regulation as they see fit. Additional matters considered by the committee during 2023/24 included reviewing the approach to assurance in areas considered higher risk, such as storm overflow spill reporting, leakage and per capita consumption data. Extra scrutiny in each of these areas has contributed to further refinement of approach and greater confidence over the published information.

“...the committee offers technical knowledge, experience and expertise in a variety of areas, including engineering, regulation, finance and audit.”

Delivering value for



This is creating value for customers and investors.

➔ Read our [compliance committee report](#) on page 137